

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 IO-14 EURE-00 ISO-00 ACDA-19

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07

PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 AGR-20

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COME-00 TAR-02 FEA-02 SAM-01 DRC-01 SAI-01 /225 W

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FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 1406

INFO USMISSION EC BRUSSELS PRIORITY

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AMCONSUL HAMBURG

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BERLIN FOR AMBASSADOR
VIENNA FOR MBFR DEL
GENEVA FOR CSCE DEL

E.O. 11652: N/A

TAGS: PFOR, GW, EEC, US, FR, UK

SUBJECT: EUROPEAN POLICY DEBATE IN BUNDESTAG: GOVERNMENT
DECLARATION BY FOREIGN MINISTER SCHEEL
PART 1 OF 2 PART REPORT

BEGIN SUMMARY: DURING MARCH 28 BUNDESTAG DEBATE ON EUROPEAN POLICY, FOREIGN MINISTER SCHEEL DELIVERED FORMAL GOVERNMENT DECLARATION BILLED AHEAD-OF-TIME AS MINISTER'S "PERSONAL LEGACY" ON EUROPEAN ISSUES. IN FRANK SPEECH, SCHEEL WARNED THAT CONTINUED EC INACTION WOULD AROUSE "DISGUST" OF CITIZENS THAT COULD LEAD TO ANTI EUROPEWAVE. HE DANGLED REGIONAL FUND BEFORE BRITISH, NOTING THAT NO WEST EUROPEAN STATE COULD GO IT ALONE. TO FRANCE, SCHEEL DEMANDED PROGRESS ON ECONOMIC UNION, CAUTIONING THAT "STANDSTILL WOULD MEAN RETREAT" ON MONETARY UNION AND AGRICULTURAL MARKET; HE ALSO URGED BRIDGEBETWEEN MINI-SNAKE AND EC NON-PARTICIPANTS. SCHEEL CALLED FOR TRANSITION TO EC COUNCIL MAJORITY VOTING, FIRST BY CONSENSUS AND THEREAFTER BY MAJORITY DECISIONS. IN CLEAR REFERENCE TO FRANCE, HE BERATED TIMID HANGERS-ON TO SOVEREIGNTY, AND PROCLAIMED GOAL OF FEDERAL UNION, WITH EUROPEAN PARLIAMENT STRENGTHENED BY GENUINE BUDGETARY POWER. SCHEEL URGED STRENGTHENING OF EC PRESIDENCY AND CREATION OF POLITICAL SECRETARIAT, BOTH TO INTENSIFY POLITICAL COOPERATION AND AS A LINK BINDING EEC AND POLITICAL COMMITTEE. FINALLY, SCHEEL PUT IN GOOD WORD FOR COUNCIL OF EUROPE AS FORUM FOR COOPERATION WITH NON-EC WEST EUROPEAN STATES. SCHEEL'S
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REMARKS ON U.S./EUROPEAN RELATIONS, AND BALANCE OF DEBATE (INCLUDING REMARKS OF CHANCELLOR BRANDT) BY SEPTELS. END SUMMARY

1. SCHEEL BEGAN DECLARATION ON FRG EUROPEAN POLICY BY SAYING PRESENT EC CRISIS WAS, IN THE WORDS OF COMMISSION PRESIDENT ORTOLI, A CRISIS OF "TRUST, WILL, AND UNDER-
STANDING." SCHEEL ENUMERATED THE GOALS ESTABLISHED AT

THE 1972 PARIS SUMMIT AND RECALLED THAT THESE GOALS HAD BEEN REASSERTED BY THE COPENHAGEN SUMMIT, WHICH IN FACT HAD CALLED FOR "ACCELERATION OF THE WORK." NONETHELESS, SCHEEL SAID THE NINE HAVE NOT MET THEIR CHALLENGE. THIS WAS APPARENT FROM THE "LACK OF SOLIDARITY WITH HOLLAND" DURING THE OIL CRISIS, THE "STAGNATION" OF ECONOMIC AND MONETARY UNION (EMU), AND THE "INDULGENCE IN THE ENDLESS DISCUSSION IN THE BRUSSELS COUNCIL OVER DETAILED QUESTIONS." SCHEEL SAID THAT A CONTINUATION OF THIS INACTION AND INDULGENCE WOULD RENDER FURTHER DISCUSSIONS OF THE EUROPEAN SUBJECT "RATHER UNREAL" AND WOULD "AROUSE SUCH A GREAT DISGUST ON THE PART OF THE PEOPLE THAT NO GOVERNMENT, NO POLITICAL GROUP, WILL BE ABLE TO SPEAK OF EUROPEAN UNIFICATION." SCHEEL SAID: "SUCH A FEELING MAY NOT BE PERMITTED TO GROW BECAUSE IT CAN LEAD TO AN UNHEALTHY INCLINATION AGAINST THE STATE."

2. SCHEEL SAID A HEALTHY EUROPE REQUIRES HEALTHY STATES AND THE MEMBER STATES MUST WORK TOGETHER TO PRODUCE A MEANINGFUL COMMUNITY. HE SAID THE THEORETICALLY OPEN BORDERS IN THE PRE-WORLD WAR I EUROPE OF FATHERLANDS IN FACT PROVIDED NO FREEDOM OF MOVEMENT FOR AVERAGE CITIZENS. THE TECHNICAL AND ECONOMIC DEVELOPMENTS IN

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INFO USMISSION EC BRUSSELS PRIORITY
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CONTEMPORARY EUROPE HAVE OVERTAKEN THE ABILITY OF EVEN
THE MOST CAREFUL AND FORWARD LOOKING GOVERNMENTS. IF A
COMMON MARKET DID NOT EXIST, THEN NATIONAL WESTERN
EUROPEAN STATES WOULD BE UNABLE TO COMPETE INDUSTRIALLY
OR IN THE AGRICULTURAL FIELD. SCHEEL SAID EUROPE
CANNOT EXIST SIMPLY TO FULFILL THE DEMANDS OF ONE OR
SEVERAL NATIONS OR AS THE PRODUCT OF A BALANCE OF
POWER WITHIN THE NINE. HE WHO WANTS EUROPE MUST ACCEPT
THAT THERE IS A PARAMOUNT OVERALL INTEREST TO WHICH
NATIONAL INTERESTS MUST BE SUBORDINATED.

3. WITH AN EYE ACROSS THE CHANNEL, SCHEEL CONTINUED: "I
SAY THIS CONSCIOUS OF MY JUST COMPLETED CONVERSATION WITH

THE BRITISH FOREIGN MINISTER. I KNOW THE DECLARATIONS OF THE BRITISH PARTIES BEFORE THE ELECTION AND ALSO THE LATEST REMARKS OF THE BRITISH GOVERNMENT. HOWEVER, I DO NOT ACCEPT THAT THIS STANDSTILL MEANS THAT OUR PREVIOUS EUROPEAN EFFORTS WERE JUST PATCH WORK. WE HOPE THAT THE AGREEMENT OF THE AGRICULTURAL MINISTRY LAST WEEK WAS A GOOD OMEN."

4. TO REINFORCE HIS WORDS TO LONDON, SCHEEL THEN IMMEDIATELY SPOKE OF THE NEED FOR A REGIONAL POLICY WHICH WOULD INVOLVE "A EUROPEAN BURDENSARING." SCHEEL SAID SUCH A REGIONAL POLICY COULD HELP BRIDGE THE SOMETIMES ENORMOUS DISPARITIES BETWEEN THE HIGHLY INDUSTRIALIZED AND SO-CALLED EMERGENCY AREAS WITHIN THE COMMUNITY.

5. TURNING TO ECONOMIC AND MONETARY POLICY, SCHEEL ACKNOWLEDGED THE DIFFERING PRIORITIES BETWEEN EC STATES, DEPENDING UPON INTERNAL ECONOMIC SITUATIONS. HE LIMITED OFFICIAL USE

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SAID "WE MUST LIVE WITH THESE CONFLICTING ECONOMIC AND MONETARY GOALS," BUT, AIMING HIS REMARKS AT FRANCE, ADDED THAT WITHOUT CONVERGENCE OF ECONOMIC AND FISCAL POLICY THERE CAN BE NO MONETARY UNION AND THUS NO LASTING GUARANTEE FOR THE FREE EXCHANGE OF GOODS AND SERVICES. PRESSING THE POINT FURTHER HOME, SCHEEL SAID: "WE HAVE CREATED A CUSTOMS UNION AND A COMMON AGRICULTURAL MARKET. THIS SHOULD NOT BE UNDERESTIMATED....BUT THEY WOULD REMAIN ENDANGERED IF THE ECONOMIC AND FISCAL POLICY OF THE EUROPEAN STATES WOULD BE IN CONFLICT." IN THIS CONNECTION, SCHEEL WELCOMED "WITH PLEASURE" THE RECENT INTERVIEW OF GISCARD D'ESTAING WHICH ENDORSED THE TRADITIONAL GERMAN EMPHASIS ON THE COORDINATION OF ECONOMIC POLICY.

6. SCHEEL SAID THE ROME TREATY SHOULD BE SEEN AS DYNAMIC IN CHARACTER, AND, ..THOSE WHO WILL NOT RISK SPRINGING OVER THE HURDLES ALSO RISK THE RUIN OF THE COMMUNITY." REFERRING AGAIN TO "FIRM FRG ATTACHMENT TO GOALS OF EMU," SCHEEL SAID "STANDSTILL MEANS RETREAT." AS TO THE FUTURE, EUROPEAN UNION WITHOUT A CONSOLIDATED TREASURY AVAILABLE TO THE EMU, WOULD HAVE NO SUBSTANCE AND WOULD MEAN NO REAL PROGRESS.

7. AS TO MONETARY POLICY, SCHEEL NOTED THAT FRANCE, BRITAIN, IRELAND AND ITALY PRESENTLY STAND OUTSIDE OF THE SNAKE DUE TO INTERNAL ECONOMIC DIFFICULTIES, "FOR WHICH WE HAVE UNDERSTANDING AND WHICH WE HOPE WILL SOON BE OVERCOME." IT IS NOW NECESSARY TO PRESERVE THE "MINI-SNAKE" (OF THE 5 EC PARTNERS) AND "TO SEEK

A BRIDGE" WITH THE OTHER NON-PARTICIPATING MEMBER STATES.

8. BALANCE OF REPORT FOLLOWS IN SEPTTEL.
HILLENBRAND

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